

## CLAIMS

1. A method, comprising the steps of:

leasing a space from a landlord to a tenant under a space lease;

5 leasing improvements to the space from a special purpose entity to the tenant under an improvements lease distinct from the space lease, the special purpose entity being a legal entity owned under tax accounting rules by a landlord of the space, the special purpose entity owning the improvements lease;

10 *changing all the time*  
development of the tenant improvement being financed by the special purpose entity, the special purpose entity being capitalized by: (a) an equity investment by the landlord of at least three percent of the value of the tenant improvements and (b) debt issued by the special purpose entity of at least about eighty percent of the value of the tenant improvements, the debt being non-recourse against the special purpose entity, the landlord and the improvements and being secured by an absolute obligation of the tenant;

15 *not method steps*  
rent payments under the improvements lease having a present value at least equal to a value of the improvements at a time of commencement of the improvements lease; *but does this mean? Furniture is considered as improvement*

20 the improvements lease being structured together with the space lease to support an accounting conclusion that the space lease and improvements lease are to be considered together as a single lease and classified as an operating lease, financial statements of the special purpose entity being consolidated with financial statements of the landlord, rent payments under the improvements lease being fully tax deductible to the tenant.

2. A method, comprising the steps of:

leasing a space from a landlord to a tenant under a space lease;

25 leasing improvements to the space to the tenant under an improvements lease distinct from the space lease, the improvements lease being structured together with the space lease to support an accounting conclusion that the space lease and improvements lease are to be considered together as a single lease and classified as an operating lease.

30 3. The method of claim 2, wherein:

the improvements are leased from a special purpose entity, the landlord of the space being the owner of, or lessor of the tenant improvements to, the special purpose entity under tax

accounting, financial statements of the special purpose entity being consolidated with financial statements of the landlord.

4. The method of claim 3, wherein:

rent payments under the improvements lease are fully tax deductible to the tenant.

5. The method of claim 3, wherein:

the improvements being financed by debt issued by the special purpose entity, the debt being non-recourse against the special purpose entity, the landlord and the improvements.

6. The method of claim 5, wherein the debt is secured by a rent obligation of the tenant under a lease of the improvements.

7. The method of claim 3, wherein:

the special purpose entity is capitalized by participations comprising: (a) an equity investment by the landlord of at least three percent of the value of the improvements and (b) debt issued by the special purpose entity for at least about eighty percent of the value of the improvements.

8. The method of claim 3, wherein:

at least about 80% of the capitalization of the special purpose entity is a loan to the special purpose entity secured by a triple-net absolute obligation of the tenant.

9. The method of claim 8 wherein at least 3% of capitalization for the special

purpose entity is a loan participation by the landlord.

10. The method of claim 8 wherein at least 10% of capitalization for the special purpose entity is contributed by the landlord.

11. The method of claim 8, wherein

a majority of the loan to the special purpose entity is supplied by a party other than the landlord, and the landlord owns a participation in the loan made to the special purpose entity.

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12. The method of claim 8:

wherein a building in which the space is located is encumbered by a mortgage; and

and further comprising the step of, entry by the lender to the special purpose entity and a

mortgagee of the mortgage into an inter-creditor agreement, each waiving any interest in the  
other's collateral.

13. The method of claim 3, wherein the improvements have been constructed and are  
owned by the landlord, the tenant or jointly by landlord and tenant;

and further comprising the step of conveying or leasing the improvements to the special  
purpose entity before or concurrently with entry into the improvements lease.

14. The method of claim 3, wherein:  
equity and/or debt investments by the landlord in a plurality of special purpose entities  
owned by the landlord, each special purpose entity owning improvements for lease to a  
corresponding tenant, are cross-collateralized.

15. The method of claim 3, wherein:  
equity and/or debt investments by the landlord in a plurality of special purpose entities  
owned by the landlord, each special purpose entity owning improvements for lease to a  
corresponding tenant, are not cross-collateralized.

16. The method of claim 3, wherein  
the improvements being financed by debt issued by the special purpose entity, the debt  
being secured at least in part by a lien on the improvements.

17. The method of claim 3, wherein  
the improvements being financed by debt issued by the special purpose entity, the debt  
not being secured by a lien on the improvements.

18. The method of claim 2, wherein the special purpose entity is a limited liability company, grantor trust, business trust, corporation, limited partnership, or other business association.

5 19. The method of claim 2, wherein the special purpose entity has no ownership interest in any real property that includes the space.

20. The method of claim 2, wherein:  
rent payments under the improvements lease have a present value at least equal to a value  
10 of the improvements at a time of commencement of the improvements lease.

21. The method of claim 2, the improvements being off-balance-sheet for the tenant, financing for the improvements being related to the cost of funds of the tenant.

22. The method of claim 2, wherein financing for the improvements is provided by  
an entity other than the tenant.

23. The method of claim 2, further comprising the step of:  
entry by the tenant into an obligation to construct the improvements and to assume costs  
20 associated with the construction.

24. The method of claim 2, wherein  
rent payments under the improvements lease are secured, in full or in part, by a personal  
or corporate guaranty or by a letter of credit of the tenant.

25 25. The method of claim 2, wherein  
the tenant is the only tenant in a building in which the space is located.

26. The method of claim 2, wherein the space is one of a plurality of spaces of a  
30 building divided for lease to a plurality of tenants, and the tenant is one of the plurality of  
tenants.

27. The method of claim 2, wherein  
upon an event of default under the improvements lease, the tenant is obligated to  
purchase the improvements from the special purpose entity for a stipulated amount.

5 *sub 02* 28. A computer, programmed:  
to solicit proposals from tenants for financing for tenant improvements to spaces leased  
by the respective tenants under respective space leases, each proposal offering terms for lease of  
tenant improvements to the corresponding space under an improvements lease distinct from the  
corresponding space lease, each improvements lease to be structured together with the  
10 corresponding space lease to support an accounting conclusion that the space lease and  
improvements lease are to be considered together as a single lease and classified as an operating  
lease

to solicit offers of financing from lenders to the tenants' proposals, and notify the  
respective tenant and lender when an offer matches a proposal.

15 29. The computer of claim 28, being further programmed:  
to solicit offers of financing using an auction protocol.

30 30. The computer of claim 28, being further programmed:  
to store information on a plurality of tenant improvement loans closed between tenants  
and landlords, and to analyze the information.

31. A method, comprising the steps of:  
leasing a space to a tenant; and  
25 7. leasing improvements to the space from a special purpose entity to the tenant, a landlord  
of the space being the owner of, or lessor of the tenant improvements to, the special purpose  
entity under tax accounting rules, financial statements of the special purpose entity being  
consolidated with financial statements of the landlord, rent payments under the improvements  
lease being fully tax deductible to the tenant.

30 *impermissible ?* *tax law changes at the time.*  
32. The method of claim 31, wherein:

the improvements are financed by debt issued by the special purpose entity, the debt being non-recourse against the special purpose entity, the landlord and the improvements.

33. The method of claim 32, wherein the debt is secured by a rent obligation of the tenant under a lease of the improvements.

34. The method of claim 31, wherein:  
rent payments under the improvements lease have a present value at least equal to a value of the improvements at a time of commencement of the improvements lease.

35. The method of claim 31, wherein:  
the improvements lease is structured together with the space lease to support an accounting conclusion that the two leases are to be considered together as a single lease, classified as an operating lease.

36. The method of claim 31, further comprising the step of:  
capitalizing the special purpose entity by participations comprising: (a) an equity investment by the landlord of at least three percent of the value of the tenant improvements and (b) debt issued by the special purpose entity for at least about eighty percent of the value of the tenant improvements.

37. The method of claim 31, wherein:  
at least about 80% of the capitalization of the special purpose entity is a loan to the special purpose entity secured by a triple-net absolute obligation of the tenant.

38. The method of claim 37 wherein at least 10% of capitalization for the special purpose entity is contributed by the landlord.

39. The method of claim 37, wherein  
a majority of the loan to the special purpose entity is supplied by a party other than the landlord and tenant, and the landlord owns a participation in the loan made to the special purpose entity.

40. The method of claim 31:

wherein a building in which the space is located is encumbered by a mortgage; and

further comprising the step of, entry by the lender to the special purpose entity and a mortgagee of the mortgage into an inter-creditor agreement, each waiving any interest in the other's collateral.

41. The method of claim 31, wherein the improvements have been constructed and are owned by the landlord, the tenant or jointly by landlord and tenant;

and further comprising the step of conveying or leasing the improvements to the special purpose entity before or concurrently with entry into the improvements lease.

42. The method of claim 31, wherein:

equity and/or debt investments by the landlord in a plurality of special purpose entities owned by the landlord, each special purpose entity owning improvements for lease to a corresponding tenant, are cross-collateralized.

43. The method of claim 31, wherein:

equity and/or debt investments by the landlord in a plurality of special purpose entities owned by the landlord, each special purpose entity owning improvements for lease to a corresponding tenant, are not cross-collateralized.

44. The method of claim 31, wherein the special purpose entity is a limited liability company, grantor trust, business trust, corporation, limited partnership, or other business association.

45. The method of claim 31, wherein the special purpose entity has no ownership interest in any real property that includes the space.

46. The method of claim 31, the improvements being off-balance-sheet for the tenant, financing for the improvements being related to the cost of funds of the tenant.

47. The method of claim 31, wherein financing for the improvements is provided by an entity other than the tenant.

48. The method of claim 31, further comprising the step of:  
5 entry by the tenant into an obligation to construct the improvements and to assume costs associated with the construction.

49. The method of claim 31, wherein  
rent payments under the improvements lease are secured, in full or in part, by a personal  
10 or corporate guaranty or by a letter of credit of the tenant.

50. The method of claim 31, wherein  
the tenant is the only tenant in a building in which the space is located.

51. The method of claim 31, wherein the space is one of a plurality of spaces of a  
15 building divided for lease to a plurality of tenants, and the tenant is one of the plurality of tenants.

52. The method of claim 31, wherein  
20 upon an event of default under the improvements lease, the tenant is obligated to purchase the improvements from the special purpose entity for a stipulated amount.

53. A computer, programmed: *merely an advertisement*  
to solicit proposals from tenants for financing for tenant improvements to spaces leased  
25 by the respective tenants under respective space leases, each proposal offering terms for lease of tenant improvements to the corresponding space under an improvements lease distinct from the corresponding space lease, each improvements lease providing for lease of tenant improvements from a special purpose entity to the tenant, a landlord of the space being the owner of, or lessor of the tenant improvements to, the special purpose entity under tax accounting rules, financial  
30 statements of the special purpose entity to be consolidated with financial statements of the landlord, rent payments under the improvements lease to be fully tax deductible to the tenant;



to solicit offers of financing from lenders to the tenants' proposals, and notify the respective tenant and lender when an offer matches a proposal.

54. The computer of claim 53, being further programmed:

to solicit offers of financing using an auction protocol.

55. The computer of claim 53, being further programmed:

to store information on a plurality of tenant improvement loans closed between tenants and landlords, and to analyze the information.

56. A method, comprising the steps of:

leasing an interest in real estate from a special purpose entity to a tenant, the special purpose entity being a legal entity owned by a landlord of the real estate that includes the leased interest, the special purpose entity owning the lease of the leased interest, development of an asset underlying the leased interest being financed by debt issued by the special purpose entity, the debt being non-recourse against the special purpose entity, the landlord and the asset.

57. The method of claim 56, wherein the interest leased is an interest in improvements to a shorter-lived asset, and further comprising the step of:

leasing a longer-lived asset to the tenant, rent payments under the lease of the shorter-lived asset having a present value at least equal to a cost of the shorter-lived asset at a time of commencement of the lease of the shorter-lived asset;

the lease to the shorter-lived asset being structured together with the lease to the longer-lived asset to support an accounting conclusion that the two leases are to be considered together as a single lease and classified as an operating lease.

58. The method of claim 56, wherein:

leasing tenant improvements within a space from a special purpose entity to a tenant, the special purpose entity being a legal entity owned, or leased the tenant improvements, by a landlord of the space, the special purpose entity being capitalized by participations comprising:  
(a) an equity investment by the landlord of at least three percent of the value of the tenant

improvements and (b) debt issued by the special purpose entity for at least about eighty percent of the value of the tenant improvements.

59. The method of claim 56, wherein the debt is secured by a triple-net absolute rent obligation of the tenant under a lease of the improvements.

60. A method, comprising the steps of:  
leasing a longer-lived asset and a shorter-lived asset to a lessee under two separate leases, rent payments under the lease of the shorter-lived asset having a present value at least equal to a cost of the shorter-lived asset at a time of commencement of the lease of the shorter-lived asset; the lease to the shorter-lived asset being structured together with the lease to the longer-lived asset to support an accounting conclusion that the two leases are to be considered together as a single lease, classified as an operating lease.

61. The method of claim 60, wherein:  
the longer-lived asset is a space in a building; and  
the shorter-lived asset is tenant improvements to the space.

62. The method of claim 61, wherein:  
the improvements are owned by a special purpose entity, being a legal entity owned by a landlord of the space.

63. The method of claim 62, further comprising the steps of:  
capitalizing the special purpose entity by participations comprising: (a) an equity investment by the landlord of at least three percent of the value of the improvements and (b) debt issued by the special purpose entity for at least about eighty percent of the value of the improvements.

64. The method of claim 62, wherein:  
rent payments under the improvements lease are fully tax deductible to the lessee.

65. The method of claim 62, wherein:

the special purpose entity is capitalized by participations comprising: (a) an equity investment by the landlord of at least three percent of the value of the improvements and (b) debt issued by the special purpose entity for at least about eighty percent of the value of the improvements.

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66. The method of claim 62, wherein:  
the building is divided for lease to multiple lessees.

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67. The method of claim 66, wherein:  
at least about 80% of the capitalization of the special purpose entity is a loan to the special purpose entity secured by a triple-net absolute obligation of the lessee.

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68. The method of claim 62, wherein the improvements have been constructed and are owned by the landlord, the lessee, or jointly by landlord and lessee;  
and further comprising the step of conveying or leasing the improvements to the special purpose entity before or concurrently with entry into the improvements lease.

69. The method of claim 62, wherein:  
the landlord owns a plurality of special purpose entities, each owning improvements for lease to a lessee.

70. The method of claim 62, wherein the special purpose entity has no ownership interest in any real property that includes the space.

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71. The method of claim 61, the improvements being off-balance-sheet for the lessee, financing for the improvements being related to the cost of funds of the lessee.

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72. The method of claim 61, further comprising the step of:  
entry by the lessee into an obligation to construct the improvements and to assume costs associated with the construction.

73. The method of claim 61, wherein

upon an event of default under the improvements lease, the lessee is obligated to purchase the improvements from the special purpose entity for a stipulated amount.

74. A method, comprising the steps of:

leasing tenant improvements within a space from a special purpose entity to a tenant, the special purpose entity being a legal entity owned by a landlord of the space, the special purpose entity being capitalized by participations comprising: (a) an equity investment by the landlord of at least three percent of the value of the tenant improvements and (b) debt issued by the special purpose entity for at least about eighty percent of the value of the tenant improvements.

75. The method of claim 74, wherein:

the building is divided for lease to multiple tenants, at least about 80% of the capitalization of the special purpose entity being a loan to the special purpose entity secured by a triple-net absolute obligation of the tenant.

76. The method of claim 75 wherein at least 3% of capitalization for the special purpose entity is a loan participation by the landlord.

77. The method of claim 75:

wherein a building in which the space is located is encumbered by a mortgage; and  
and further comprising the step of, entry by the lender to the special purpose entity and a mortgagee of the mortgage into an inter-creditor agreement, each waiving any interest in the other's collateral.

78. The method of claim 74, wherein:

financial statements of the special purpose entity are consolidated with financial statements of the landlord.

79. The method of claim 78, wherein:

rent payments under the improvements lease are fully tax deductible to the tenant.

80. The method of claim 78, wherein:

the improvements being financed by debt issued by the special purpose entity, the debt being non-recourse against the special purpose entity, the landlord and the improvements.

81. The method of claim 80, wherein the debt is secured by a triple-net absolute rent obligation of the tenant under a lease of the improvements.

82. The method of claim 78, wherein the improvements have been constructed and are owned by the landlord, the tenant or jointly by landlord and tenant;  
and further comprising the step of conveying or leasing the improvements to the special purpose entity before or concurrently with entry into the improvements lease.

83. The method of claim 78, wherein  
the improvements being financed by debt issued by the special purpose entity, the debt not being secured by a lien on the improvements.

84. The method of claim 74, wherein the special purpose entity is a limited liability company or limited partnership.

85. The method of claim 74, wherein the special purpose entity is a grantor trust or business trust.

86. The method of claim 74, wherein the special purpose entity is a corporation.

87. The method of claim 74, wherein the special purpose entity has no ownership interest in any real property that includes the space.

88. The method of claim 74, the improvements being off-balance-sheet for the tenant, financing for the improvements being related to the cost of funds of the tenant.

89. The method of claim 74, wherein financing for the improvements is provided by an entity other than the tenant.

90. The method of claim 74, wherein  
the tenant is the only tenant in a building in which the space is located.

91. The method of claim 74, wherein the space is one of a plurality of spaces of a  
building divided for lease to a plurality of tenants, and the tenant is one of the plurality of  
tenants.

92. The method of claim 74, wherein  
upon an event of default under the improvements lease, the tenant is obligated to  
purchase the improvements from the special purpose entity for a stipulated amount.

93. A method, comprising the steps of:  
leasing an interest in a space from a special purpose entity to a tenant, the special purpose  
entity being a legal entity owned by a landlord of the building including the space, the building  
being divided for lease to multiple tenants, at least about 80% of the capitalization of the special  
purpose entity being a loan to the special purpose entity secured by an absolute obligation of the  
tenant.

94. The method of claim 93, wherein the interest is a possessory interest in  
improvements to the space, the space being leased to the tenant under a separate lease, rent  
payments under the improvements lease having a present value at least equal to a cost of the  
improvements at a time of commencement of the improvements lease.

95. The method of claim 94, further comprising the step of:  
structuring the improvements lease together with the space lease to support an accounting  
conclusion that the two leases are to be considered together as a single lease, classified as an  
operating lease.

96. The method of claim 93 wherein at least 3% of capitalization for the special  
purpose entity is a loan participation by the landlord.

97. The method of claim 93 wherein at least 10% of capitalization for the special purpose entity is contributed by the landlord.

98. The method of claim 93, wherein

5 a majority of the loan to the special purpose entity is supplied by a party other than the landlord, and the landlord owns a participation in the loan made to the special purpose entity.

99. The method of claim 93, wherein

the improvements are financed by debt issued by the special purpose entity, the debt not  
10 being secured by a lien on the improvements.

100. The method of claim 93, wherein the special purpose entity is a limited liability company, grantor trust, business trust, corporation, limited partnership, or other business association.

101. The method of claim 93, wherein financing for the improvements is provided by an entity other than the tenant.